

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2785-01
Bill No.: HB 1452
Subject: Banks and Financial Institutions; Business and Commerce; Consumer Protection
Type: Original
Date: March 12, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Consumer Credit Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development- Finance Division** assume there are 100 check cashiers statewide who would need licensing. They assume the investigations and examinations could be done by one full-time examiner and a half-time Clerk Typist II with related salaries and expenses. The fee will be set at the necessary figure to break even.

Officials from the Department of Corrections (DOC) cannot predict the number of new commitments which may result from the creation of the offenses(s) outlined in this proposal. An increase in commitments depends on the utilization by prosecutors and the actual sentences imposed by the court. DOC assumes that if additional persons are sentenced to the custody of the DOC due to the provisions of this legislation, the DOC will incur a corresponding increase in operational cost through supervision provided by the Board of Probation and Parole (FY01 average of \$3.34 per offender, per day or an annual cost of \$1,219 per offender). Officials from DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Secretary of State (SOS)** assume based on experience with other divisions, the rules, regulations and forms issued by the Department of Economic Development-Division of Finance that as many as 8 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because of cost statements, fiscal notes and the like are not published in the Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23.00 and the estimated cost of a page in the Code of State Regulations is \$27.00. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn. The SOS estimates the cost of this legislation to be \$492 for FY 2003. $[8 \times \$27) + (12 \times \$23) = \$492]$

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Missouri Office of Prosecution Services and Attorney General's Office** assume all costs can be absorbed by their agencies

Officials from the **Department of Economic Development- Credit Union Division, Office of State Courts Administrator** and **State Public Defender** assume no fiscal impact on their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
CONSUMER CREDIT FUND			
<u>Income</u> -Department of Economic Development			
License Fee	<u>\$52,552</u>	<u>\$57,397</u>	<u>\$58,845</u>
<u>Cost</u> -Department of Economic Development			
Salaries	\$33,313	\$40,974	\$41,999
Fringe Benefits	\$11,360	\$13,972	\$14,322
Equipment and Expenses	<u>\$7,879</u>	<u>\$2,451</u>	<u>\$2,524</u>
Total	<u>\$52,552</u>	<u>\$57,397</u>	<u>\$58,845</u>
ESTIMATED NET EFFECT ON CONSUMER CREDIT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Oversight assumes that small businesses in the check-cashing business could be fiscally impacted.

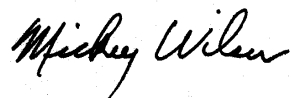
DESCRIPTION

This proposal would regulate the check-cashing businesses. The proposal would require persons engaged in the cash-checking business to be registered with the Division of Finance and re-register every 12 months. The application for registration would include a nonrefundable fee for each business location and may include any information the director of the division requires. This proposal would prohibit check-cashing businesses from charging more than 2% of the face amount of any check, or \$5, whichever is less. For payroll or government checks, the maximum is the lesser of 1% or \$5. It would require check-cashing businesses to clearly and conspicuously post in all places of business a schedule of fees with examples, a list of valid identifications, a copy of the registration certificate, and information about how to file a complaint. It would require that each customer be provided a receipt. It would require check-cashing businesses to notify the police or director if a customer tries to cash a check that they have reason to believe is stolen. It would require check-cashing businesses to file an annual report with the director and maintain and make available upon request all records needed to determine compliance with provisions of the bill for a period of at least three years from the date of each transaction. It would prohibit check-cashing businesses from charging additional fees or fees in excess of those authorized; advertising falsely; conducting business at unregistered locations; or engaging in unfair, deceptive, or fraudulent acts or practices. It would empower the director to suspend or revoke the registration of check-cashing businesses for cause, conduct investigations and examinations to determine compliance, issue cease and desist orders, and take affirmative action to stop or prevent an unlawful act. It would classify violations of the provisions of the bill as unfair and deceptive trade practices and makes any person who knowingly violates these provisions guilty of a class A misdemeanor. Finally; it would require the director to submit an annual report to the General Assembly.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal could increase state revenue.

SOURCES OF INFORMATION

Department of Economic Development
 Division of Finance
 Division of Credit Unions
Office of State Courts Administrator
Department of Corrections
Office of Prosecution Services
Secretary of State
State Public Defender
Attorney General's Office

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
March 12, 2002